
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
HEALTH BENEFITS COMMITTEE
MEETING MINUTES**

November 16, 2010

The Health Benefits Committee met on Tuesday, November 16, 2010, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:53 a.m. with the following members present:

Ruth Holton-Hodson representing John Chiang
George Diehr
Greg Beatty representing Debbie Endsley
Rob Feckner
JJ Jelincic
Henry Jones
Tricia Wynne representing Bill Lockyer
Priya Mathur

Excused:

Tony Oliveira, Interim Chair/Vice Chair

**AGENDA ITEM 2 – OCTOBER 19, 2010, HEALTH BENEFITS COMMITTEE
MEETING MINUTES**

The October 19, 2010, Health Benefits Committee (HBC) meeting minutes were approved as presented.

**AGENDA ITEM 3a – 2011 PROPOSED BENEFIT DESIGN MODIFICATIONS TO
MEET HEALTH CARE REFORM REQUIREMENTS**

Kathy Donneson, Chief, Office of Health Plan Administration, presented staff's recommendations regarding benefit changes for 2011, that our plans are required to make under the Patient Protection and Affordable Care Act (PPACA). In June 2010, the U.S. Department of Health and Human Services (HHS) issued interim final regulations related to lifetime and annual limits on the dollar value of health benefits. In accordance with the Code of Federal Regulations (CFR) at 45 CFR § 147.126, group health plans and health insurance issuers are generally prohibited from imposing lifetime or annual dollar limits on the value of essential health benefits. Additional interim final regulations

issued by HHS require elimination of the member share of cost for certain commercial and Medicare health plan preventive services.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommendation to approve benefit design changes for 2011 required under the PPACA of 2010.

AGENDA ITEM 3b – ADOPTION OF REGULATIONS: EXTENSION OF DEPENDANT COVERAGE UP TO AGE 26

Doug McKeever, Chief, Office of Health Policy and Program Support, presented the proposed regulations to amend Title 2, California Code of Regulations (CCR), Sections 599.500, subdivision (n), 599.501, subdivisions (f) and (g), and add proposed Section 599.500, subdivisions (o) and (p), to extend dependent coverage up to age 26 and clarify current regulations by separating out each condition or limitation pertaining to the eligibility of children.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommendation to adopt proposed regulations to clarify conditions and limitations pertaining to the eligibility of children and to conform State Regulations to extend dependent coverage up to age 26.

AGENDA ITEM 3c – PREMIUM NORMALIZATION STUDY

As an information item, James DeBenedetti, Office of Health Policy and Program Support, provided an update on the premium normalization study. To determine the impact of adverse selection on existing CalPERS plans, and how "cost effective" the plans are once those factors are removed, staff contracted with Milliman, Inc. to perform a premium normalization study. The preliminary draft of the study was provided to CalPERS staff in late October. Staff will work with CalPERS health plans to solicit their review and input. The completed study will be presented to the HBC in February 2011.

AGENDA ITEM 4 – INTERIM ASSISTANT EXECUTIVE OFFICER REPORT

Doug McKeever, Interim Assistant Executive Officer, Health Benefits Branch, provided information on the following items: Health Care Reform; economic dependant coverage; Assembly Bill 65; California Coalition for Health Care Reform; Medicare Part B; Pharmacy Benefit Manager Request for Proposal; and, the Constituent Work Group Meetings.

AGENDA ITEM 5– PROPOSED AGENDA FOR DECEMBER 14, 2010, HEALTH BENEFITS COMMITTEE MEETING

The proposed agenda for the December 14, 2010, HBC Meeting, was accepted as presented.

AGENDA ITEM 6 – PUBLIC COMMENT

There was no public comment.

The meeting was adjourned at 9:11 a.m.

The next meeting of the Committee is scheduled for December 14, 2010, in Sacramento, California.

ANN BOYNTON
Deputy Executive Officer
Benefits Administration